DOCUMENT RESUME

ED 228 973 HE 016 215

TITLE	Overview of the State Allocation Process for Campus-Based Student Aid.
INSTITUTION	Applied Systems Inst., Inc., Washington, DC.
SPONS AGENCY	National Commission on Student Financial Assistance, Washington, DC.
PUB DATE	12 Apr 83
NOTE	23p.
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	College Students; *Educational Equity (Finance); *Federal Aid; Federal Programs; Financial Policy; Higher Education; *Resource Allocation; *Student Financial Aid; *Student Loan Programs; Work Study Programs
IDENTIFIERS	*College Work Study Program; *National Comm on Student Financial Assistance; National Direct Student Loan Program; Supplemental Educational Opportunity Grants

ABSTRACT

The process whereby appropriated federal funds for the campus-based student aid programs are allocated to the states and to postsecondary education institutions is reviewed. The three campus-based programs are the College Work-Study, National Direct Student Loan, and Supplemental Educational Opportunity Grant student aid programs. Changes imposed by current funding levels and the pre-1981 and post-1981 funding forumla for the three programs are examined. The allocation process is described for both the state and institutional levels. There are four problems in realizing equity in the state allocation of student aid funds: (1) coming to general agreement about what is equitable, (2) developing an operational definition of equity, (3) defining key terms, and (4) reducing tension developed between shifting state situations. It is suggested that the program allocation formulae reflect a desire to achieve a stable funding pattern for institutions rather than achieving a more equitable funding of students. Appended data provide allocations for the three programs for 1981-1982, total enrollment by full- and part-time status for 1981-1982, the 1980 population aged 15-19, and the number of unemployed individuals in 1982. A glossary is appended. (SW)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED228973

OVERVIEW
OF THE STATE ALLOCATION PROCESS
FOR CAMPUS-BASED STUDENT AID

Prepared for:

National Commission on Student
Financial Assistance
412 First Street, S.E.
Washington, D.C. 20003

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

National Commission on Student Financial Assistance

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

This document has been reproduced as received from the person or organization originating it.

Minor changes have been made to improve reproduction quality.

Points of view or opinions stated in this document do not necessarily represent official NIE position or policy.

Prepared by:

Applied Systems Institute, Inc.
1910 K Street, N.W., Suite 501
Washington, D.C. 20006
(202) 785-0920

April 12, 1983

HE 016 215

The opinions expressed do not necessarily reflect the position of the National Commission on Student Financial Assistance.

Summary

This paper reviews the process whereby appropriated Federal funds for the campus-based student aid programs are allocated to the States and to postsecondary education institutions. The three campus-based programs are the College Work-Study (CWS), National Direct Student Loan (NDSL) and Supplementary Educational Opportunity Grant (SEOG) student aid programs. The NDSL program provides low-interest (4%) loans to help financially needy students pay the costs of their education. It establishes a revolving loan fund administered by the individual institutions. The SEOG program awards grants to students with demonstrated financial need to help defray the costs of their education. The CWS program provides part-time employment to postsecondary students who apply the earnings towards their educational expenses. It is the State allocation process used by these three programs which is analyzed here.

This review is organized as follows:

- The State Allocation Process
  - A historical review of the allocation process including the current funding levels for the three programs.
- The Current Funding Process
  - A statement of the State allocation formulae with the changes imposed by current funding levels.
- Conclusion
  - The finding that the concern for fairness can only increase as funding for the campus-based programs remains below levels contemplated when the formulae were established.

Appended to this paper are the State-level allocations for the three programs for 1981-1982, total enrollment by full and part-time status for 1981-1982, the 1980 population aged 15-19, and the number of unemployed individuals in 1982. The data in these tables can be used to explore the equity of the state allocation process.

The State Allocation Process

The allocation process for campus-based program funds has changed over the last few years. The first modification was designed to eliminate the regional review panels which evaluated the request for funds by campuses. Originally, funds were allocated to States and the panels decided what share of a State's allocation was to go to each institution. The system was costly, open to charges of favoritism and rewarded the ability to write budget justifications rather than student need at the institution. It has been argued that less sophisticated student aid offices were not as successful in obtaining funds as others that were better staffed.

An alternative procedure was developed by the Huff Panel, chaired by Bob Huff, Director of Stanford's student aid office. The panel derived need-based formulae which allocated funds directly to the institutions. These formulae replaced the panel review process. There was no significant change in how funds were allocated to the states.

When the formulae were instituted language was included to slow the potentially radical shifts in funds among institutions caused by the transition to the new approach. A conditional guarantee was included in the legislation to assure institutions an allocation equal to 90 percent of their 1979-80 year expenditures. (A glossary of terms is provided in the Appendix).

Since 1981, funding for the three campus-based programs has been decreased. If the formulae were utilized under these conditions there would have resulted major losses in funding to

some States and institutions. Consequently, the formulae were amended to reduce each State's share on a pro-rata basis to reflect the reductions in appropriations.

Each of these approaches has drawn criticism and concern from Congressional offices. Many States believe that they are not receiving their fair share of the funds. This problem is heightened by the funding reductions.

During FY 1982 over $1 billion were appropriated in campus-based Federal student aid programs. Funds for the NDSL, SEOG and CWS programs for 1982-1983 have been provided under a FY 1982 Continuing Resolution, as follows:

Program Appropriations
(in millions)

	FY1981	1982	1983	1984 Proposal by Administration
CWS	$ 550M	$ 528 M	$ 540 M	$ 850M
SEOG	370M	355.4M	355.4M	0
NDSL*	186M	179.4M	179.4M	0
Total	$1,106M	$1,063 M	$1,075 M	$ 850M

Source: President's FY1984 Budget Request.
*Federal Capital Contribution only.

As funding for all three of these programs has been reduced, since 1981 the funds currently available are insufficient to honor the conditional guarantees (i.e., assured minimal funding levels) in most states. Consequently, a provision of the Fiscal Year 1982 Continuing Resolution Act sets State allotments for 1982-83 equal to that State's 1981-82 allotment times a national percentage fundable for each program. At the State level, funding for individual institutions is to be pro-rata reduced in the same manner. Those sections of the Higher Education Act of 1965, as amended, which establish minimum funding levels for SEOG and CWS (as well as set State allotment formulae for all

three programs) are thus superseded. According to the Office of Postsecondary Education, funding for 1983-84 and 1984-85 are expected to be apportioned on the basis of the 1981-82 funding, as well.

The Current Funding Process

The formulae for the programs are generally similar with specific differences. This section describes the allocation procedure for each program. First, the pre-1981 formula is reviewed; second, the post-1981 procedure is described. The allocation is explained at both the State and institutional levels. Only ninety percent of the funds available for these programs are directly allocated to the States. The remaining ten percent is available for use at the Secretary's discretion. As the State's shares are modified due to the amount of unmet need at the institutional level, the ten percent "set aside" provides additional funds to States with institutions which have the largest amouont of unment need.

Institutional Applications

Institutions desiring to participate in the three campus-based programs now apply through a combined document, "The Application and Fiscal Operations Report for Federal Student Financial Aid Programs" (The FISAP). In justifying the request for funds, the institutions are required to provide specific information related to their needs, such as: total cost of attendance, total number of students with financial need, total number of students in attendance, total resources available to students, as well as documentation of the institution's ability to administer the requested funds.

In the following discussion, these definitions apply:

1. BASE YEAR: the 12-month period ending on June 30th preceding the (Fall) closing date for filing FISAP applications.

2. CURRENT YEAR: the 12-month period ending on June 30th following the (Fall) closing date for filing FISAP applications.

SEOG Program Operations

For Federal allocation purposes there are actually two SEOG programs--an initial year (IY) and a continuing year (CY) program. Initial year awards are made only to first-time recipients of SEOG aid, while CY awards can be made only to prior recipients.

The 1980 Education Amendments distribute funds between IY and CY categories but expenditures may be interchanged between IY and CY funds, as needed. Prior to the institution of the FISAP application process (in the 1979-80 academic year), institutions applied for funds by requesting a specific funding level that was reviewed by the appropriate ED regional office. Institutional awards were then determined by pro-rating approved application requests on a State-by-State basis.

The current process allots, on the basis of the number of undergraduates enrolled full-time and the full-time equivalent of the number of undergraduates enrolled part-time in the state, both IY and CY funds for further allocation to individual institutions. Each institution that applied for SEOG funds receives a tentative funding level based on:

1. A Conditional Guarantee, if funds are available in that State; and,

2. The institution's fair share of the State's apportionment (State Increase).

3. A "National Increase" based on its "fair share" of the national appropriation.

The SEOG Conditional Guarantee is computed in the following way:

A. An institution already participating in the SEOG program receives a Conditional Guaranteed amount equal to the sum of its 1979-80 IY and CY expenditures.

B. An institution applying to participate in SEOG for the first time receives a Conditional Guarantee equal to the greater of:

   1. $5,000; or,
   2. a. 90 percent of the average IY per student base year expenditures at comparable eligible institutions, times the applicant institution's base year enrollment, plus
      b. The average CY base year per student expenditures in comparable eligible institutions, times the applicant institution's base year enrollment.

C. An institution applying to participate in the SEOG program for the second time receives a conditional guarantee equal to the greater of:

   1. The funds determined by Section B.1 above; or
   2. The funds determined by Section B.2 above; or
   3. 90 percent of its current year IY allocation, plus 100 percent of its current year CY allocation.

An institution's Conditional Guarantee is split between IY and CY funds based on the percentage that the institution's request for each type of aid bears to its total request.

A State's IY awards may be increased ["IY State Increase"] if the total of all the Conditional Guarantees of all institutions in that State are less than the State's IY apportionment in FY 1980. Institutional awards may be further increased ["IY National Increase"] if the sum of the IY Conditional Guarantees plus the IY State Increase is less than the IY National appropriations for that year. National CY allocations may be made to institutions ["CY National Increase"] if the sum of the CY conditional guarantees awarded to institutions is less than the SEOG CY National appropriations for that year.

CWS Program Operations

One percent of each year's CWS appropriation is reserved for Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands. An unspecified amount is also reserved for students from the last two of these areas who attend eligible institutions outside of those areas. Ninety percent of the remaining funds are alloted by formula to the 50 States, the District of Columbia, the Northern Mariana Islands and Puerto Rico (53 states/areas total).

The State formula is based equally on three factors:

1) The number of full-time post-secondary students in a State relative to the total number of students in the 53 areas;

2) The number of high school graduates in each State relative to the total number for the 53 areas; and

3) The number of related children under 18 years of age living in families with income of less than $3,000 in each area relative to the total number of such children in the 53 areas.

Stated as a formula the state allocation rule looks like this: State share = .9 (Federal appropriation) * 1/3 (state share of full-time students + state share of high school graduates + state share of children with annual income of less than $3,000).

Additional monies are to be allotted, if necessary, to make each State's allotment equal to its FY 1972 allotment. Any remaining funds are to be alloted so that each institution in each state receives those funds as computed below.

CWS funds to be received by an institution are computed in three stages:

1. A "Conditional Guarantee",

2. A "State Increase" based on its "fair share" of the State apportionment, and

3. A "National Increase" based on its "fair share" of the National appropriation.

The CWS Conditional Guarantee is computed as follows:

A. An institution that participated in the CWS program in the base year receives a Conditional Guarantee equal to its 1979-80 expenditure (unless it has suffered a substantial enrollment decline).

B. An institution applying for first-time participation receives an award equal to the greater of:

   1. $5,000; or
   2. 90 percent of the average per student CWS base year expenditure at comparable eligible institutions, multiplied by the applicant school's base year enrollment.

C. An institution applying for the second time to the CWS program receives a Conditional Guarantee equal to the greater of:

   1. The funds determined by Section B.1 above; or
   2. The funds determined by Section B.2 above; or
   3. 90 percent of its current year allocation.

In any year in which the combined Conditional Guarantees of all the institutions in a State are less than the State's allotment as determined above, the awards to institutions in that State may be increased (i.e., a "State Increase" occurs). If the sum of the Conditional Guarantees and States Increases awarded to institutions is less than the national CWS appropriation for that year, additional funds are provided through a similar "National Increase."

NDSL - Program Operations

Ninety percent of appropriated funds are apportioned to the States so that the amount apportioned to each State bears the same ratio to the total National appropriations as that State's total number of full-time enrollees in higher education (undergraduate and beyond) bears to the total number of such persons enrolled in all the States. If necessary, additional sums are apportioned to each State to make that State's apportionment

equal to its allotment for FY 1972. The remaining funds are apportioned so that each institution receives the Federal Capital Contribution (FCC) as computed below.

An individual institution's level of NDSL expenditures is determined in three stages:

1. A "Conditional Guarantee";
2. A "State Increase" based on its fair share of the state apportionment; and,
3. A "National Increase" based on its fair share of the National appropriation.

The Conditional Guarantee is determined as follows:

A. For an institution currently participating in the NDSL program, its Conditional Guarantee is equal to the greater of:

   1. 90% of its base year level of expenditure; or
   2. 90% of its current finding level, times its utilization rate; where,

      "Utilization rate" equals:
      an institution's base year level of NDSL expenditures divided by its NDSL funds available in the base year; and,
      "Current year funding level" includes:
      - The FCC awarded for that year;
      - The matching institutional contributions;
      - 110% of base year loan repayments;
      - Reimbursements for NDSL cancellations; and,
      - Cash on hand at the close of the base year.

B. An institution which is a <u>first-time</u> applicant to the program receives a Conditional Guarantee equal to the greater of:

   1. $5,000; or,
   2. 90% of the average per student NDSL expenditure in the base year at comparable eligible schools times the applicant institution's base year enrollment.

C. A second-time applicant institution receives a Conditional Guarantee equal to the greater of:

1. Option A or Option B, as explained in the preceding sentence, or

2. 90% of its current year funding level.

The State and National Increases are used to increase the level of expenditures of institutions in a State if the combined FCC's resulting from the Conditional Guarantees of all institutions in the State are less than the State's already-determined apportionment and if national appropriations are greater than the State allotments.

Adjusted Conditional Guarantees for NDSL, SEOG and CWS, 1982-83

Since the funds currently available for all three of these programs are insufficient to honor the Conditional Guarantees in most States, "Adjusted Conditional Guarantees" (for 1982-83) are computed in the following manner:

Step 1: A State's 1982-83 allotment for each program equals its 1981-82 allotment times the U.S. total of 1982-83 funds available as a percentage of 1981-82 funds available.

Step 2: An institution's adjusted Federal Conditional Guarantee is determined as follows:

a. The "State percentage fundable" equals: the State allotment divided by the State total of Conditional Guarantees.
b. The institution's Adjusted Conditional Guarantee equals: the institution's Conditional Guarantee, times the just-computed "State percentage fundable."

Equity Issues

The logical consequences of the current pro-rata allocation procedures appear to be:

1. States with substantial increases in students are not receiving proportionate shares to meet the increased demand for student aid represented by the population shifts.

2. A return to application of the formulae would confront population-losing States with a double loss in student aid: the loss attributable to the reduction in national appropriations would be added to the loss due to their lower population base.

There are no simple responses to these consequences. It is unlikely that a single allocation mechanism can protect States and institutions confronting both funding and population losses, on the one hand, and also meet the additional demand in States where the population is increasing. In the end, the continuing needs of population-gaining States will have to be reconciled through the political process against the limited available funds.

No specific definition of equity is possible. The standards of equity are achieved by consensus. A widely accepted standard is that individuals in similar situations be treated similarly. This is buttressed by the belief that those with greater need should receive more money relative to those with less need.

Even if one agrees with the general definition of equity there remains the difficult process of operationalizing the concept. For example:

- Should aid be targeted on needy students already enrolled or on potential enrollees with need?
- Should need be defined in terms of income only or include consideration of the cost of attendance in a state?
- Should proxy measures for need (enrollment in a state) be used instead of a count of needy students?

The third problem in realizing equity is what definitions to use. For example, if full-time enrollment is used, the allocation will be different than if full-time equivalent is used as a basis for allocation. Likewise if graduate students are included in the equation, a different state allocation will be realized.

The fourth complication in realizing equity is due to the fact that states have a changing relationship from one year to the next. For example, if State A's enrollment stays the same and State B's increases and there is no increase in funding, State A will get fewer dollars while State B receives its increase. State A will have to make fewer dollars go just as far as they did previously. If the inverse position is taken, that is State A keeps its aid, students in State B will have relatively less aid. Either option could be defined as inequitable.

There are then four problems in realizing equity in the state allocation of student aid funds. The first is coming to general agreement about what is equitable, the second concerns the development of an operational definition of equity that is acceptable to all parties. The third is defining key terms to everyones satisfaction. The fourth is reducing the tension developed between shifting state situations.

As it stands, equity as we have defined it is not an important part of the state allocation process. The exception to this is the college work study formula which takes low income population into consideration. The other formulae allocate funds to states on the basis of enrollment. Equity is part of the calculation when the funds are assigned to institutions on the basis of need. There may not be a necessary relationship between enrollment and the share of needy students in a state regardless of how need is defined. Dropping the state allocation formulae altogether and allocating funds directly from the federal government to institutions has been considered but has

been declined because it would result in even greater shifts in funds among institutions than would incremental shifts in state allocation formulae.

The current allocation process limits the realization of equity by the conditional guarantee which assures that the states award does not fall below certain pre-determined levels. In the case of NDSL, it is 1972 and other programs 1979. The Secretary uses the 10 percent set aside to assure that states with institutions receiving the least amount of their national fair share receive extra funding. First priority, however, goes to those falling lower than guaranteed levels of award.

At this time, the program allocation formulae reflect a desire to achieve a stable funding pattern for institutions rather than achieving a more equitable funding of students. Without an increase in funding to assure a compromise between stable funding and achievement of equity goals, it will be difficult to change the allocation formulas for the three programs.

The following set of tables, developed by the Office of Planning and Budget Evaluation, indicate how the three campus-based program state allocations are distributed relative to two proxies of financial need. The proxies are: the number of qualified Pell grant applicants (including the average eligibility index), and the number of unemployed in the state. There are size factors included in the table. Full-time enrollment, part-time enrollment and FTE of part-time enrollment and the 1980 population 15 to 19 years of age. All the results are expressed as a percentage of national total.

As an example, Alabama has 2.2 percent of the eligible Pell grant applicants but 1.67 percent of the full-time enrollment. The allocation of funds to the state is closer to the enrollment than it is to the number of eligible Pell grant recipients. The implication is that the level of expressed student need in Alabama is greater than their share of the campus-based programs.

TABLE - 2 : PERCENT OF U.S. TOTAL: 1981-1982

STATE	BASIC GRANT PROGRAM (PELL)		COMPONENT DISTRIBUTION CAMPUS BASED ALLOCATION(DOLLARS)				ATTENDANCE STATUS			OTHER	
	# OF QUALIFIED STUDENT	AVG EI	SEOG	CWS	NDSL EXPEND	NDSL FED-CAP	FULL TIME	PART TIME	FTE OF P-TIME	POP (15-19)	NUMBER OF UNEMPLYMT
										1980	1982
ALABAMA	2.20	323.	1.57	1.99	1.35	1.55	1.67	0.90	1.23	1.78	2.31
ALASKA	0.11	319.	0.09	0.11	0.07	0.10	0.10	0.36	0.28	0.17	0.20
ARIZONA	1.16	341.	1.34	1.08	1.18	1.48	1.29	2.17	2.00	1.19	1.23
ARKANSAS	1.02	380.	0.66	1.05	0.76	0.81	0.78	0.39	0.39	1.01	0.93
CALIFORNIA	8.49	276.	9.92	8.47	10.78	10.71	10.66	21.67	20.94	10.07	11.34
COLORADO	1.06	392.	1.22	1.16	1.73	1.44	1.48	1.19	1.11	1.27	1.16
CONNECTICUT	0.91	528.	1.39	1.18	1.29	1.31	1.20	1.46	1.40	1.36	1.04
DELAWARE	0.20	468.	0.24	0.23	0.22	0.24	0.29	0.22	0.25	0.28	0.23
D.C.	0.39	256.	0.73	0.78	0.76	0.75	0.71	0.73	0.76	0.27	0.31
FLORIDA	3.96	329.	2.83	2.97	2.51	2.72	3.12	3.98	4.88	3.83	3.61
GEORGIA	1.87	369.	1.59	2.13	1.58	1.68	1.88	1.15	1.05	2.51	1.96
HAWAII	0.22	356.	0.33	0.32	0.27	0.32	0.41	0.36	0.39	0.41	0.29
IDAHO	0.36	419.	0.32	0.32	0.41	0.41	0.41	0.26	0.24	0.42	0.40
ILLINOIS	4.90	357.	4.34	3.86	4.48	4.91	4.71	6.20	5.80	5.04	5.92
INDIANA	1.89	509.	2.05	1.83	2.58	2.56	2.35	1.68	1.57	2.58	2.98
IOWA	1.16	513.	1.48	1.27	1.97	1.75	1.52	0.65	0.69	1.31	1.13
KANSAS	0.92	488.	0.99	0.97	1.48	0.98	1.16	1.07	1.08	1.03	0.69
KENTUCKY	1.52	469.	1.06	1.62	1.48	1.17	1.37	0.48	0.87	1.67	1.67
LOUISIANA	1.64	322.	1.20	1.93	1.68	1.67	1.68	1.05	1.13	2.01	1.88
MAINE	0.58	498.	1.48	1.11	0.82	0.98	0.82	0.27	0.26	0.51	0.41
MARYLAND	1.67	386.	1.56	1.58	1.82	1.54	1.55	2.28	2.16	1.91	1.71
MASSACHUSETTS	2.71	506.	5.51	5.78	4.47	4.46	3.66	2.98	3.21	2.59	2.24
MICHIGAN	4.29	394.	3.66	3.25	3.89	3.65	4.08	4.35	4.62	4.25	4.19
MINNESOTA	2.12	473.	2.68	2.21	2.53	2.18	2.08	1.30	1.32	1.89	1.58
MISSISSIPPI	1.58	368.	1.23	1.62	1.01	0.97	1.13	0.48	0.58	1.22	1.10
MISSOURI	1.98	464.	1.71	1.93	2.43	2.38	2.12	1.76	1.79	2.18	2.08
MONTANA	0.48	391.	0.27	0.44	0.35	0.29	0.37	0.18	0.28	0.35	0.32
NEBRASKA	0.77	481.	0.66	0.66	1.01	0.98	0.80	0.78	0.72	0.70	0.65
NEVADA	0.18	391.	0.16	0.17	0.16	0.16	0.18	0.52	0.47	0.33	0.46
NEW HAMPSHIRE	0.29	587.	0.98	0.88	0.71	0.78	0.49	0.26	0.27	0.41	0.38

TABLE - 2 : PERCENT OF U.S. TOTAL : 1981-1982

STATE	BASIC GRANT PROGRAM (PELL)		COMPONENT DISTRIBUTION CAMPUS BASED ALLOCATION(DOLLARS)				ATTENDANCE STATUS			OTHER	
	# OF QUALIFIED STUDENT	AVG EI	SEOG	CWS	NDSL EXPEND	NDSL FED-CAP	FULL TIME	PART TIME	FTE OF P-TIME	POP (15-19)	NUMBER OF UNEMPLYMT
										1980	1982
NEW JERSEY	3.14	487.	2.20	2.24	1.72	2.14	2.33	3.08	2.84	3.17	3.04
NEW MEXICO	0.73	330.	0.71	0.93	0.63	0.61	0.52	0.45	0.43	0.62	0.51
NEW YORK	12.04	363.	7.81	8.11	9.00	9.33	8.97	7.15	7.12	7.55	6.43
NORTH CAROLINA	2.29	406.	2.37	2.53	2.21	2.35	2.70	1.85	2.23	2.67	2.49
NORTH DAKOTA	0.34	455.	0.58	0.65	0.53	0.37	0.41	0.12	0.11	0.38	0.17
OHIO	4.12	406.	3.79	3.77	4.57	4.68	4.83	3.91	3.87	4.76	5.09
OKLAHOMA	1.05	393.	1.08	1.21	1.03	1.09	1.33	1.30	1.22	1.32	0.78
OREGON	1.20	332.	2.00	1.03	1.98	1.03	1.27	1.13	1.06	1.07	1.42
PENNSYLVANIA	5.14	509.	5.65	5.18	5.43	4.97	4.86	3.25	3.49	5.11	5.61
PUERTO RICO	4.37	103.	1.58	2.39	0.83	1.06	1.53	0.52	0.66	0.0	0.0
RHODE ISLAND	0.54	498.	0.99	0.86	0.66	0.55	0.60	0.48	0.48	0.82	0.66
SOUTH CAROLINA	1.48	377.	1.18	1.47	0.91	1.06	1.31	0.76	0.81	1.58	1.51
SOUTH DAKOTA	0.47	402.	0.61	0.61	0.67	0.46	0.37	0.16	0.15	0.32	0.17
TENNESSEE	1.92	373.	1.67	1.87	1.89	1.68	1.90	1.23	1.29	2.03	2.36
TEXAS	8.20	388.	4.80	5.53	3.55	4.34	5.75	5.05	4.76	4.39	4.73
UTAH	0.52	367.	0.59	0.58	0.66	0.71	0.92	0.60	0.65	0.66	0.49
VERMONT	0.23	518.	0.99	0.76	0.48	0.59	0.31	0.16	0.15	0.24	0.17
VIRGINIA	1.78	401.	1.86	1.99	1.65	1.84	2.31	2.32	2.44	2.39	1.91
WASHINGTON	1.83	349.	2.45	1.96	2.09	2.08	2.18	2.41	1.59	1.74	2.29
WEST VIRGINIA	0.55	471.	0.74	0.83	0.84	0.43	0.70	0.62	0.59	0.82	1.00
WISCONSIN	1.87	481.	1.19	2.16	2.53	2.52	2.48	1.87	1.65	2.28	2.44
WYOMING	0.11	462.	0.14	0.11	0.15	0.11	0.18	0.16	0.15	0.20	0.14
GUAM	0.04	370.	0.01	0.04	0.0	0.0	0.05	0.03	0.05	0.0	0.0
PACIFIC ISLAND	0.0	0.	0.01	0.05	0.0	0.0	0.00	0.00	0.00	0.0	0.0
VIRGIN ISLANDS	0.05	236.	0.01	0.01	0.00	0.0	0.01	0.04	0.04	0.0	0.0

Vermont provides another type of example. Their allocation of aid funds exceeds both their Pell grant applicant share and their share of enrollment. This state, like others, was able to increase their share early in the history of the program and then have the base grandfathered in.

These proxy measures are just that. They do not necessarily measure true need of students but indicate the possible variance from some range of equity. Further care should be taken in evaluating the equity of these programs in isolation from the rest of the student financial aid programs. Pell grants and GSL dollars are distributed among states in very different patterns. It is only by considering these other programs that a firm sense of the overall equity of the system can be reached.

Glossary

Adjusted Conditional Guarantee (Pro rata reduction)

a. State: Previous year allotment * current year funds available as percentage of the previous year.
b. Institution: State allotment/state total of conditional guarantees = state percentage fundable. If the calculation produces a percentage greater than 100%, the state percentage fundable is 100%, and the remaining funds are distributed according to the state fair share procedure. The institution's conditional guarantee * state percentage fundable = adjusted conditional guarantee.

Base Year: The 12 month period ending on June 30 preceding the closing date for filing an application for a level of expenditure.

Base Year Level of Expenditure: The amount of aid used in the base year plus the amount the institution claimed for administrative expenses in that year (for NDSL).

Conditional Guarantee: An institution that participated in either the CWS or SEOG program in the base year receives a conditional guarantee equal to the greater of 90 percent of its:

1. Base year (1979-80) level of expenditure or
2. Current year funding level multiplied by its utilization rate unless it receives a substantial decline in enrollment.

The base year for NDSL is 1972.

Continuing Grant: A supplemental grant that follows and continues an initial grant in the SEOG program.

Expected Family Contribution: The amount a student and his or her spouse and family are expected to pay toward his or her cost-of-attendance.

Financial Need: The difference between a students' cost of attendance and his or her expected family contribution.

Initial Grant: The first SEOG awarded and paid to a student by any institution.

Institutions' National Fair Share: Institutions national fair share = its self-help need/self-help need of all institutions applying for all funds x total funds.

Institutions' State Fair Share: Institutions state fair share = its self help need/self-help need of all institutions in the state applying for funds x total state funds.

Maintenance of Effort: For each award year it receives an allocation, an institution must spend from its own scholarship and student financial aid program at least one-third its aid program expenditures for the 3 award years preceeding its first award under this law.

National Increase: The Secretary will further increase awards to institutions if the sum of the conditional guarantees and state increases awarded to institutions is less than the program appropriation for that year. Institutions national increase = its national shortfall/national shortfall of all institutions x funds available for national shortfall.

National Shortfall: National fair share - conditional guarantee.

Self-Help Need: The institutions self-helf need is the sum of the self-help need of its eligible students. This is based on income of students and average cost of attendance minus the expected family contribution.

State Allotment

a. CWS:
   1. 1% to outlying territories
   2. 90% by formula to states
   3. If necessary, the Secretary allots additional amounts to each state to make sure the state's allotment is equal to its allotment for FY 1972.

   Allotment to the state is based on:
   1/3 full-time enrollment
   1/3 number of High School graduates
   1/3 number of children under 18 years of age living in families with annual income of less than $3000

   The state share formula appears as follows: State Share = a National College Work Study appropriation * 1/3 (state share enrollment + state share high school graduates + state share number of children under 18 years of age living in families with income under $3,000.

b. SEOG: An amount which bears the same ratio to such sums as the number of undergraduates enrolled full-time and the full-time equivalent of the number of undergraduates enrolled part-time in institutions in such states bears to the total number of such undergraduates in all states.

c. NDSL: An amount which bears the same ratio as the number of persons enrolled on a full-time basis in institutions of higher education.

State Increase: Institutions State increase = its state shortfall/state shortfalls of all institutions in the state x FCC available for state shortfalls x 1.11.

State Shortfall: Institutions state fair share - conditional guarantee.

Utilization Rate: An institution's base year level of expenditure/its NDSL funds available in the base year.

Sources: Federal Register, January 19, 1981, Vol. 46, No. 12, pp. 5238 - 5295.
The Higher Education Act of 1965, as amended. U.S. Department of Education, Office of Postsecondary Education, Office of Student Financial Assistance, April 1981.